THE HON'BLE SRI JUSTICE L.NARASIMHA REDDY

W.P.No.18413 of 2005

Date:27.09.2005

PYR Hospitals Private Limited

--------PETITIONERS

The Andhra Pradesh State Finance Corporation Ltd and another

---------RESPONDENTS

ORDER:

The petitioner is a Company registered under the provisions of the Indian Companies Act. With a view to establish a hospital, it approached the 1st respondent to extend the financial assistance. In March 1990, the 1st respondent sanctioned a loan of Rs.28,20,000/- in favour of the petitioner. By February 1993, the 1st respondent released a sum of Rs.22,50,000/-.

The petitioner did not honour the commitment, in the matter of repayment of loan instalments. Huge arrears have mounted. In October 1998, the petitioner made a request to the 1st respondent to extend the benefit of One Time Settlement (OTS) to it. On a consideration of the same, the 1st respondent agreed to settle the account with the petitioner for a sum of Rs.46,16,440/-. However, this arrangement was also not honoured in its entirety. The same resulted in the seizure of the Unit in April 2000, by invoking the power under Section 29 of the State Finance Corporations Act (for short 'the Act').

The Unit was released in favour of the petitioner, on payment of a sum of Rs.7,00,000/- in Februrary 2002. However, it was seized for the second time on 28.04.2004, on account of the default committed by the petitioner. On

30.06.2005, the 1st respondent issued a tender notification, proposing to sell the Unit seized from the petitioner. In response to the same, the 2nd respondent came forward with an offer to purchase the Unit for a sum of Rs.50,25,000/-.

It is stated that on 20.07.2005, the 1st respondent issued a notification to the effect that the 2nd respondent has come forward with an offer of Rs.50,25,000/- and if there is any offer in excess of that amount, it would be considered. The petitioner contends that on 26.07.2005, it submitted a representation to the effect that it is prepared to settle the account in OTS for a sum of Rs.51,75,000/-, and that despite the same, it was not considered. This writ petition is filed for issuance of a writ of Mandamus, declaring the action of the 1st respondent in not accepting the offer of the petitioner, for issuance of a direction to the 1st respondent to cancel the allotment letter, dated 29.07.2005, issued in favour of the 2nd respondent, and consequently to accept the offer of the petitioner.

The 1st respondent filed a counter affidavit, narrating the sequence of events that ensued ever since the extension of loan facility to the petitioner. It was alleged that though several opportunities were given to the petitioner to repay the amount, it did not avail the same, and that it was compelled to invoke the provisions of Section 29 of the Act more than once. It is also stated that the offer of the 2nd respondent has since been accepted. A separate counter affidavit is filed by the 2nd respondent, incorporating almost the same contentions.

Heard the learned counsel for the petitioner, the learned Standing Counsel for the 1st respondent and the learned counsel for the 2nd respondent.

The gist of the submissions made on behalf of the petitioner is that the representation made by the petitioner through its letter, dated 26.07.2005, accords with the offer of the 1st respondent made though its notification, dated 20.07.2005. In other words, its contention is that its offer for a sum of

Rs.51,75,000/- is more than the one of the 2nd respondent for a sum of Rs.50,25,000/- and that there was no justification for the 1st respondent, in not accepting it.

This contention would have appealed to the Court, had it been an offer, pure and simple, for purchase of the unit. The very purpose of the notification issued by the 1st respondent on 20.07.2005 was to invite any bid or offer for a sum exceeding Rs.50,25,000/-. Irrespective of the source from which it emanates, the 1st respondent was under obligation to accept any offer for a sum exceeding that amount. If the offer of the petitioner was in terms of the said notification for a sum of Rs.51,75,000/-, totally different things altogether would have ensued. A perusal of the representation, dated 26.07.2005, submitted by the petitioner discloses that its offer was for OTS of the entire liability and not towards purchase of the Unit. Therefore, this representation cannot be said to be in accordance with the notification, dated 20.07.2005.

In that view of the matter, no exception can be taken to the further steps undertaken by the 1st respondent. The letter of confirmation is said to have since been issued in favour of the 2nd respondent. Hence, this Court does not find any merits in the writ petition.

Accordingly, the writ petition is dismissed. There shall be no order as to costs.

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27.09.2005

Note: Issue C.C. in three days.

(B/o)

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